

## Career Point Infosystems : Good Issue

**IPO Note: Gain is expected at listing as well as for medium term Rating\*\*\***

### Issue details

Price band (Rs)	Rs.295-310
IPO Opening Date	16/09/10
IPO Closing Date	21/09/10
Issue Size	Rs.115.00 Crore

### Valuations & Recommendation

For the year ending March 31, 2010, the total standalone revenues and net profit were Rs 67.80 crore and Rs 19.87 crore, which represents 38.27% and 22.34% increase, respectively from the year ended March 31, 2009.

At the upper band of Rs 310, P/E works out to 31.6 times the EPS of Rs 9.8 for FY 2010. Listed companies in the education sector, Everonn Education, Educomp Solution and NIIT, have PE of 21.1, 19 and 16 times EPS of FY 2010 which is lower compared to Career Point. However, Career Point Infosystems is the first company from the tutorial education field, tapping the capital market.

**The company has strong brand name and is having its presence in 13 states of the country. The company has a qualified group of teaching faculties having knowledge from diverse field. Looking to bright prospects of industry, we recommend to invest. Gain is expected at listing as well as for medium term (~6 months).**

### Highlights

- ◆ Career Point Infosystems had close to 31,798 students enrollments end of fiscal ended March 2010
- ◆ The private education sector is expected to grow at an accelerated rate.
- ◆ The company derive significant amount of its revenues from the Company Operated Training Centre situated at Kota. Kota training centre has contributed 55.78% and 58.88% of the restated standalone total revenues for the year ended March 31, 2009 and March 31, 2010, respectively.
- ◆ CARE has assigned CARE IPO Grade '3/5'
- ◆ Operating profit margin has continuously slided in the last four years, from 59.7% in FY 2007 to 38.6% in FY 2010.

### Company Introduction

#### Company Profile

Career Point Infosystems was incorporated as public limited company on March 31, 2000, under the Companies Act. It is a tutorial services provider in India and provides tutorial services to high school and post high school students for various competitive entrance examinations including All India Engineering Entrance Examination, Indian Institute of Technology- Joint Entrance Examination and All India Pre-Medical and Pre-Dental Test. The tutorial services are provided through its classroom training programmes conducted through a network of Company Operated and Franchisee Centres.

It has a team of 231 faculty members as on July 31, 2010 (excluding faculty members of franchisees) comprising of graduates in engineering and science. It has over a period of time, built its content

## Financial Summary

Particulars	1003(12)	0903(12)	0803(12)
Sales	61.66	45.15	38.02
OPM (%)	38.6	47.5	53.9
Net Profit	17.79	14.99	15.27
EPS* (Rs)	9.8	8.3	8.4

\* Annualised on post-issue equity of Rs 18.13 crore.

## RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

repository of over 10,000 pages of text content and over 12,000 minutes of video content for various tutorial services offered by it. For students who are not able to attend its regular classroom programme, it offer distance learning programme comprising of correspondence and test series courses which have been systematically designed to provide effective and efficient education to students in a simple and lucid manner.

## Forayed into ECAMS

It has recently forayed into Education Consultancy and Management Services ('ECAMS'), catering to K-12 and Higher Education segments. Further, to address larger base of potential students, the company has introduced technology enabled education delivery platform for delivering content through 'TechEdge Class'.

## Subsidiaries

Career Point Infosystems has two subsidiaries: Career Point Infra (CP Infra) and Career Point Edutech. CP Infra renders infrastructure and allied services for setting up physical infrastructure for educational institutions. Edutech develops technology-based educational solution and software. Both subsidiaries are yet to make money.

## IPO Proceed and Expansion

Career Point Infosystems is entering the capital market through an initial public offering (IPO) of Rs 115 crore at a price band of Rs 295 – Rs 310 per share of face value Rs 10. The funds being raised will be used to finance an integrated campus spread across 8.6 lakh square feet at Kota for 3,000 students, with investment of Rs 68.25 crore. This facility will have accommodation to students and visiting parents, library, recreation and other such facilities. Expansion of campus and office across 45000 square feet at Kota, with investment of Rs 16.49 crore. Strategic acquisitions worth Rs 15 crore in FY 2011 to reach new geography and expand course offering. However, no targets have been identified

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